

JOINT STATUS REPORT

August 1, 2019

VIA ECF

Chief Magistrate Judge Roanne L. Mann
United States District Court for the
Eastern District of New York
225 Cadman Plaza East
Brooklyn, New York 11201

***Re: Wells Fargo Bank, N.A. et ano. v. Acropolis Gardens Realty Corp., et al.,
Case No. 18-cv-5498-WFK-RLM***

Dear Chief Magistrate Judge Mann:

We write jointly to update the Court on the status of settlement negotiations, as directed by Your Honor on July 19, 2019.

As the Court will recall, the Leifer entities and another large shareholder pre-funded a proposed subordinated loan in escrow on June 28, 2019. The Leifer entities also furnished Lenders with a proposed draft subordinated loan agreement on June 26, 2019. Lenders furnished the Leifer entities with a proposed Intercreditor Agreement (“ICA”) on July 9, 2019, and the next day, on July 10, 2019, Lenders also provided all defendants with a draft condominium standstill and estoppel agreement. The Leifer entities supplied Lenders with comments to those documents on July 11, 2019.

While the parties, with the able assistance of mediator Ira Herman, have had some productive conversations concerning the terms of the subordinated loan agreement and ICA, since the last appearance in Court on July 11, 2019, the parties agreed to defer the further negotiation and resolution of the legal documents until all economic issues are resolved to ensure that a settlement between the parties is viable.

In an attempt to resolve the economic issues, on the evening of July 26, 2019, Lenders delivered to Borrower (via the mediator) a bring current statement and a proposed immediate repairs and improvement budget, which budget was based upon Lenders’ review of the engineer’s report issued by EBI Consulting on June 24, 2019.

Borrower is reviewing Lenders’ budget for immediate repairs and improvements. Borrower has requested additional back-up information regarding the escrow/reserve amounts identified in Lenders’ bring current statement, and Lenders are reviewing that request. Borrower expects to respond with its counter-proposal to the repair/improvement budget by August 7, 2019 and to

notify Lenders of any additional questions it might have with respect to the amounts owed on Lenders' bring current statement.

Thereafter, the parties will be in a position to resolve any remaining economic issues, and, if such issues can be resolved, can move forward with fully resolving the applicable legal documents necessary to finalize an agreement between the parties.

We appreciate the Court's efforts to guide this litigation to a swift conclusion, and respectfully request that the Court set a follow-up scheduling conference for early September. The parties are hopeful that this matter will be resolved prior to that time, but in the event the loan reinstatement does not close, the Court can use the scheduling conference to set relevant discovery and trial deadlines. In the interim, we will continue negotiating with the assistance of Mr. Herman, and we hope to report back that this matter has been resolved.

Very truly yours,

/s/ Amy E. Hatch

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